

UNLOCKING SOLAR CAPITAL AFRICA

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From Manufacturing to the End Consumer – How to Meet the Working Capital Needs of the Off-Grid Solar Sector Across the Supply and Distribution Chain?

Development Bank of Ethiopia



Market Development for Renewable Energy & Energy Efficient Products Credit Line Status Report

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Goal: To improve household level energy access in Ethiopia



The Government of Ethiopia through the Development Bank of Ethiopia (DBE) developed an Off-Grid Renewable Energy & Energy Efficient Program to promote the use of off- grid Renewable Energy and Energy Efficient technologies by the private sector.

The Development Bank of Ethiopia is selected to be one of the implementing agencies for the program.

Method: A dedicated credit line for off-grid renewable energy



- To implement this program, DBE has received a line of credit from the World Bank that is used to provide loans to:
 - *Private Sector Enterprises and*
 - *Micro Finance Institutions*

The main objective of the credit line is to provide access to finance to remote off-grid Renewable Energy programs.

Program Summary



- Lender: *The World Bank*
- Borrower: *The Government of Ethiopia*
- Financial Intermediary: *DBE*
- Technical intermediary: *MoWIE*
- Beneficiary of the Credit:
 - *Micro Finance Institutions* - *Wholesale Part*
 - *Private Sector Enterprise* - *Retail Part*
- Program Duration
- 1st phase (*2012 – 2017*)
- *2nd phase (2016-2019)*

Program Implementation Arrangement



- The program for MDFRE&EEP has two Implementing Agencies
 - The Development Bank of Ethiopia
 - ✦ *Financial intermediary for the Program*
 - The Ministry of Water, Irrigation & Electricity
 - ✦ *Technical Intermediary for the Program*

Technologies Covered



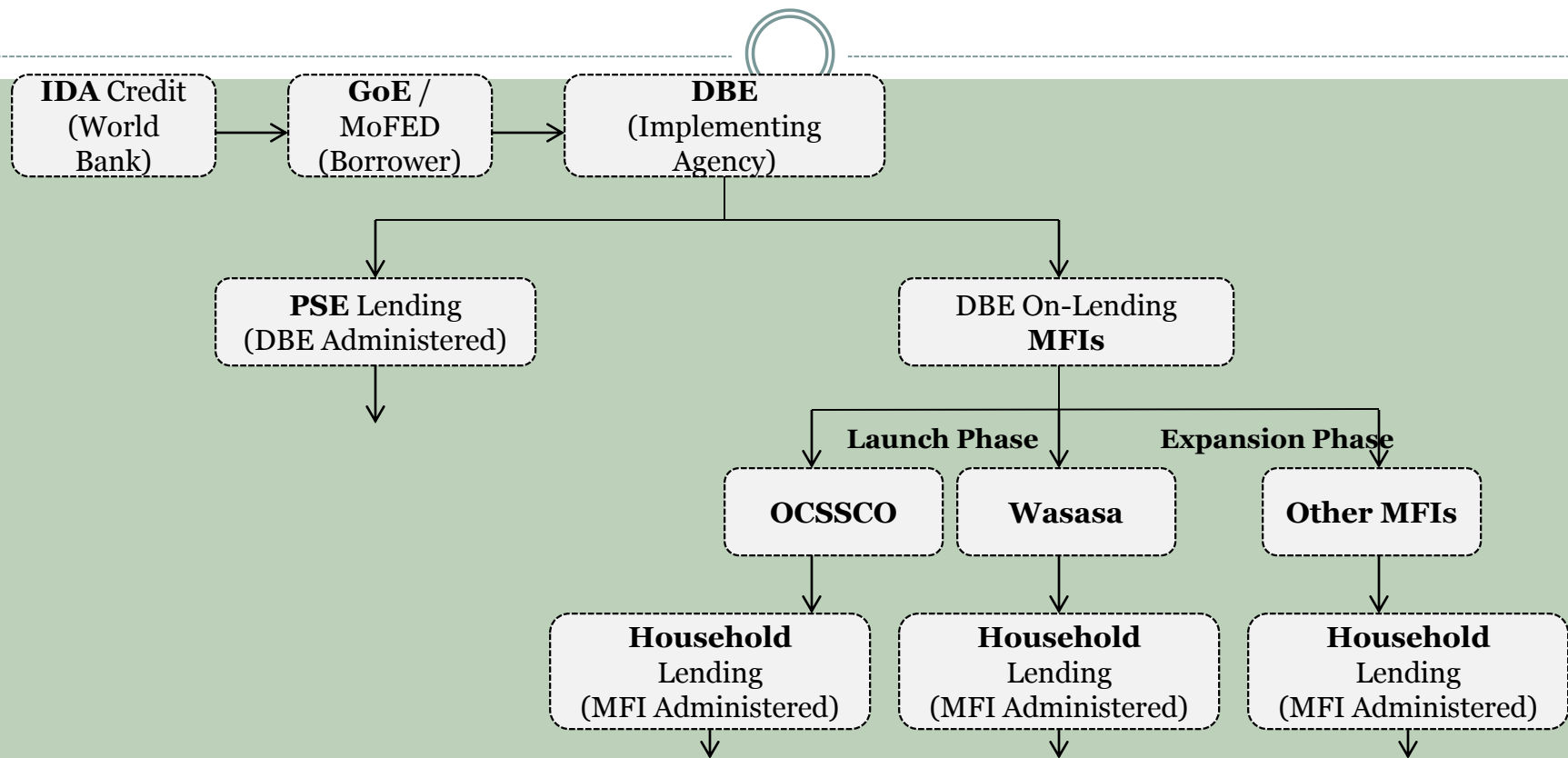
- The technologies that are covered under the program includes:
 - *Solar Lanterns*
 - *Solar Home Systems*
 - *Improved Cook Stoves*
 - *Bio Gas Plants*
 - *Waste to Energy*
 - *Small Wind and*
 - *Other RE and EE technologies except Hydro*

MDFRE&EEP Credit Line Beneficiaries



- *Microfinance Institutions /MFI's/*
- *Households /HH's/ - through Microfinance*
- *Private Sector Enterprise /PSE's/ and*
- *Small and Medium Enterprises /SME's/*

Flow of Fund for MDFRE&EEP Credit Line



Status of MDFRE&EEP Credit Line



- IDA Credit :
 - 1st phase USD 20 Million
 - 2nd phase USD 20 million
- Total Approved by DBE: USD 22.1 Million
 - PSEs USD 12.2 Million
 - MFIs USD 9.9 Million
- Remaining Balance USD 20 Million

Renewable Energy Technologies Distribution as at September 30, 2016



- Private Sector Enterprises: over 459,000 solar lanterns distributed
 - Nearly 800,000 solar lantern loans approved
 - Nearly 4500 solar home system loans approved
- MFIs: over 27,000 solar lanterns and 510 solar home systems distributed

Success of the Program



- Introduction of new energy credit line in the country
- Increased awareness about Renewable energy products specially lighting global approved solar lanterns
- Increase in number of participating PSEs and MFIs
- Distribution of more than 500,000 solar lanterns in less than three years (300,000 under pipe line)
- High volume of reduction in carbon emission by introducing renewable energy technology in rural area
- Close technical assistance from the WB to mitigate challenges the Bank has faced

Added benefit: Carbon revenue



- DBE is assigned as a Coordinating Managing Entity (CME) for the Carbon Credit Activity by the Ministry of Environment, Forest and Climate Change
- Ethiopia Clean Cooking Program and Ethiopia Off grid Renewable Energy Programs are registered under UNFCCC
- Expected revenue:
 - From Clean Cooking PoA – 8.4 M USD
 - From Off Grid Renewable Energy PoA – 11.2 M USD

Upcoming Opportunities: MDRE&EEP – Additional Finance



- Additional Credit Line – USD 20 Million
 - Target by Technology Type as at June 2019
 - ✦ Biogas – 5000
 - ✦ Solar Lantern – 1,500,000
 - ✦ Solar Home System – 10,000
 - ✦ EE Lamps - 500,000
 - Target by Credit Line Beneficiaries
 - ✦ No of Participating PSEs – 24
 - ✦ No of Participating MFIs - 15

Upcoming Opportunities: Ethiopian SME Grant



- Source of Fund – through IDA
- Grant Amount – USD 5 million
- Purpose:
 - 4.5 million USD – for Collateral Support Facility
 - 50 thousand USD – for MFIs technical assistance
 - 300 thousand USD – for consumer awareness
 - 150 thousand USD – for hardware procurement of warranty tracking & Customer Information System

Detail of Collateral Support Faculty



- 4.5 million USD PSE collateral support facility (CSF) is established within DBE
- The purpose of the CSF to cover **50%** of the collateral requirement of PSEs
- PSEs should cover **50%** of the collateral requirement only in fixed asset
- Those PSEs who are not able to raise 50% collateral **(fixed asset)** can not be beneficiary of the CSF

6,000 MW Grand Ethiopian Renaissance
Dam Project under construction
(The nation's project)



Thank You

Panel discussion

- **Steve Andrews**, CEO, Newlight Africa (Heya!)
- **Alex Bashian**, Investment Officer, responsAbility Investments
- **Yemenzwork Girefie**, Director Export Guarantee, Ethiopian Development Bank
- **Radhika Thakkar**, VP Global Business Development, Greenlight Planet
- Moderator: **Koen Peters**, Executive Director, GOGLA

